

**City of Falls Church Pension Plans and OPEB Trust**  
**CY 2021/2022 Plan Administrator Quarterly Operational Report**  
Period: November 11, 2021—February 10, 2022

Table of Contents

- Executive Summary
- Appendix 1: Membership Administrative Activity Summary
- Appendix 2: Invoiced Pension Expenses YTD
- Appendix 3: Training Summary

Executive Summary:

The COVID-19 pandemic is still a driving factor for operations so many functions remain virtual or hybrid along with staff still working remotely. Although cases are finally on a downward trend the numbers still have Virginia and City of Falls Church in high transmission status. The City continues its stronger mitigation efforts (i.e. requiring masks inside all City facilities and employee vaccine mandates) as well as overall vaccine push. City Council has returned to in-person hybrid meetings last September but boards and commissions, like the Retirement Board, can continue to meet virtually as long a local emergency declaration is in place. We can revisit the meeting format closer to the May meeting timeframe.

The COVID-19 pandemic continues to impact global, US, VA and City of Falls Church economy but recovery is occurring and will continue to be monitored. The authorized American Rescue Plan Act (ARPA) has important rescue funding for individuals, businesses as well as state and local governments but it is too new to fully assess impact on the economy. An additional \$18M has been allocated to the City of Falls Church and Council is implementing the spending plan which covers the period through December 31, 2024. Additionally, the federal infrastructure bill, initiatives for the American Jobs Act and American Family Plan passed but Build America Back Better is stalled in the US Senate. These federal relief infusions will be monitored for impact on short-term and long-term economic trends.

The major functions worked this quarter include:

- 1) Executed authorizations for quarterly benefit payment transfers after coordination with AndCo, Finance and Trustees;
- 2) Establishing Trustee and staff access in the new Northern Trust investment on-line portal;
- 3) Coordinated with HR Generalist numerous on-boarding and off-boarding of general government employees as reported in appendix;
- 4) Coordinated transition of roles and responsibilities to new HR Benefits Manager within HR and Plan Administrator;
- 5) Met with the NVCJA Executive Director and staff to improve coordination and communication on Retirement Board actions and participant benefits;
- 6) Continued process improvement and coordination between General Government and School stakeholders related to School Basic Pension Plan as well as OPEB benefits including census data;
- 7) Reviewed ethics and contracting-procurement policies for Trustee review at February meeting;
- 8) Monitored investments returns based on COVID-19 market volatility;

- 9) Continued to participate in the bi-monthly Local Government Finance Network that includes national and state COVID-19 economic recovery environmental scan;
- 10) Worked with Segal, Chair and City Attorney on the OPEB Phase 2 procurement implementation and draft of revised legal structure documents;
- 11) Coordinated with AndCo for their IPS investment range revision and Templeton investment manager review;
- 12) Followed up with Council members and Chair regarding equity review comments, specifically on ESG, from the January annual report presentation; and
- 13) Updated the 2022 Work Plan;

The October 2021 Fiduciary Training included a list of best practices recommendations that will be considered through-out 2022 as part of the Plan Administrator and Retirement Board work plan.

#### Fiduciary Best Practices Recommendations Update:

- 1) Cybersecurity- see below section;
- 2) Missing participants
  - a. Reviewing resource document shared by Williams and Mullen;
  - b. Updating the 2022 Securian annual participant census and verifying data;
  - c. With the new HR Benefit resource we are assessing opportunities to improve participant communication ensure all employers are covered
- 3) Fiduciary Training- continue the annual training and start the planning for October 2022 as well as implementing the overall Retirement Board adopted training policy and plan;
- 4) Record Keeping Services- working on vendor to facilitate an RFP process; this is a priority item for the Retirement Board and is on the 2022 work plan; and
- 5) Regular Plan/Trust Amendments- the 2022 work plan includes executing pension plan amendments on rehire retirees, benefit calculations as well as OPEB trust and plan documents.

One critical area of focus is cybersecurity and data protection so providing a specific section on cyber and physical security to the quarterly Plan Administrator Report. This is the second report provided to Trustees.

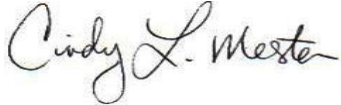
#### Cyber and Physical Security:

- 1) Staff working with City Purchasing Manager to review contract terms and conditions for cybersecurity compliance;
- 2) Tracking VA General Assembly legislation cybersecurity incidents that would mandate reporting to the state within 24 hours, which is concerning due to no clear definition of incident. Also, a risk management issue if there is a pending criminal investigation or negates insurance coverage;
- 3) City has procured more robust firewall protection and a Security Operations Center (SOC) for 24x7 monitoring and remediation;
- 4) ITS updating all policy and procedure documentation and have been authorized to pursue an outside vendor to help expedite the work load;
- 5) Training staff on Microsoft Outlook emails, with general participant data (not identifying information such as social security number or date of birth) sent as encrypted.

- 6) Continue training staff on the City's secure large file transfer software tool.
- 7) Over the past several years the City has undergone three IT Cybersecurity Forensic Audits, from federal and state levels, which has provided additional proactive recommendations which have and/or being implemented. Audits and recommendations are confidential but important to note positive feedback on the actions taken to date by the City.

This meeting agenda format continues to focus on the adopted 2022 Work Plan implementation.

Respectfully submitted,

A handwritten signature in black ink that reads "Cindy L. Mester". The signature is written in a cursive, flowing style.

Cindy L. Mester  
Deputy City Manager/ Pension Plan Administrator

Cc: Meaghan DeCelle, HR Generalist  
Shari Davidson, HR Benefits Manager

**Appendix 1: Membership Administrative Activity Summary Chart**

Activity Type		11/10/2020- 02-08-2021 count	2/9/21- 5/7/21 count	5/8/21- 11/10/21 count	11/11/21- 2/9/22 count	estimated time per action (Hours)	current quarter estimated time
<b>Buyback</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	1	0
	Police	0	0	0	0		
	City	0	0	0	0		
	NVCJA	0	0	0	0		
	Schools	0	0	0	0		
<b>Deferred Retirement</b>		<b>0</b>	<b>3</b>	<b>3</b>	<b>4</b>	5	20
	Police	0	1	1	4		
	City	0	0	1	0		
	NVCJA	0	1	1	0		
	Schools	0	1	0	0		
<b>income projection (separate from Retirement)</b>		<b>9</b>	<b>14</b>	<b>15</b>	<b>6</b>	3	18
	Police	3	6	3	0		
	City	5	7	10	5		
	NVCJA	1	1	2	1		
	Schools	0	1	0	0		
<b>new enrollment</b>		<b>6</b>	<b>7</b>	<b>19</b>	<b>9</b>	0.5	4.5
	Police	1	1	1	5		
	City	4	6	16	3		
	NVCJA	1	0	2	1		
	Schools	0	0	0	0		
<b>retirement</b>		<b>2</b>	<b>2</b>	<b>8</b>	<b>3</b>	8	24
	Police	0	1	2	0		
	City	1	4	6	3		
	NVCJA	0	0	0	0		
	Schools	1	2	0	0		
<b>non-vested cash out</b>		<b>7</b>	<b>6</b>	<b>9</b>	<b>4</b>	1	4
	Police	0	0	0	1		
	City	7	6	7	3		
	NVCJA	0	0	0	0		
	Schools	0	0	2	0		
<b>terminated vested</b>		<b>1</b>	<b>1</b>	<b>10</b>	<b>3</b>	4	12
	Police	0	0	4	2		
	City	0	1	4	1		
	NVCJA	1	0	1	0		
	Schools	0	0	1	0		
<b>Retiree Death</b>		<b>3</b>	<b>2</b>	<b>2</b>	<b>1</b>	4	4
	Police	1	0	0	0		
	City	2	1	1	1		
	NVCJA	0	0	0	0		
	Schools	0	1	1	0		
<b>totals</b>		<b>25</b>	<b>33</b>	<b>64</b>	<b>29</b>		82.5

**Appendix 2: Invoiced Pension Expenses Fiscal YTD****Pension Plan (Basic & Police) and OPEB Administration Expenses**

FY 2022					
Vendor	FY22 July-Sept	FY22 Oct-Dec	FY22 Jan-Mar	FY22 Apr-Jun	YTD Total
Williams Mullen					\$ -
Segal Consulting	\$9,625.00	\$9,625.00			\$19,250.00
AndCo	\$19,000.00	\$19,000.00			\$38,000.00
Northern Trust	\$3,324.19	\$3,325.79			\$6,649.98
MFS	\$22,285.50	\$22,472.44			\$44,757.94
Summit Creek	\$37,270.23	\$38,239.85			\$75,510.08
Lazard	\$21,714.03	\$22,535.56			\$44,249.59
Securian		\$36,657.82			\$36,657.82
Brown, Edwards and Co. (Auditors)					\$ -
CFC Admin Fee*			\$35,000.00		\$35,000.00
<b>YTD Fees Total</b>	<b>\$113,218.95</b>	<b>\$151,856.46</b>	<b>\$35,000.00</b>	<b>\$0.00</b>	<b>\$300,075.41</b>
Less Recaptured Commission (Abel Noser)	(\$98.00)				(\$98.00)

**Fees deducted directly from fund:**

US Bank, Principle Real Estate, Clarion Real Estate, JPM Equity Inc, Vanguard Equity Inc

\*FY22 City Fee withdraw anticipated in 1Q 2022

Pension Plan (Basic & Police) Benefit Payment Transfer Out					
FY2021					
Plan/ Investment	FY22 July-Sept	FY 22 Oct-Dec	FY22 Jan-Mar	FY22 Apr- Jun	YTD Total
Basic Plan	\$ 1,275,000	\$ 1,200,000			\$ 2,475,000
Police Plan	\$ 457,500	\$ 350,000			\$ 807,500
<b>YTD Total</b>	<b>\$ 1,732,500</b>	<b>\$ 1,550,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,282,500</b>

**City Reimbursement for Advance Invoice Payments True-up will be provided next quarter.**

**Trustee Training Update will be provided next quarter.**